FIG 1

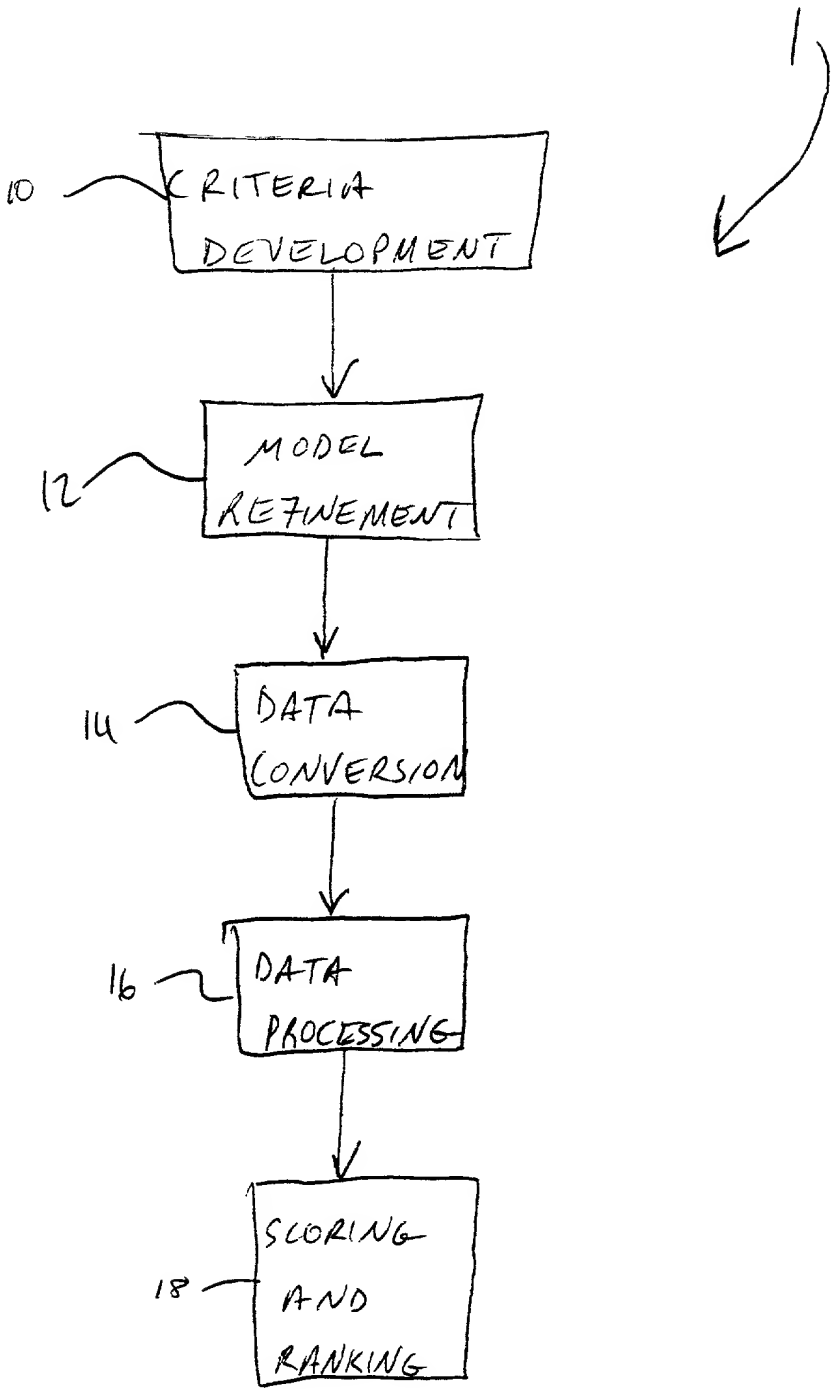
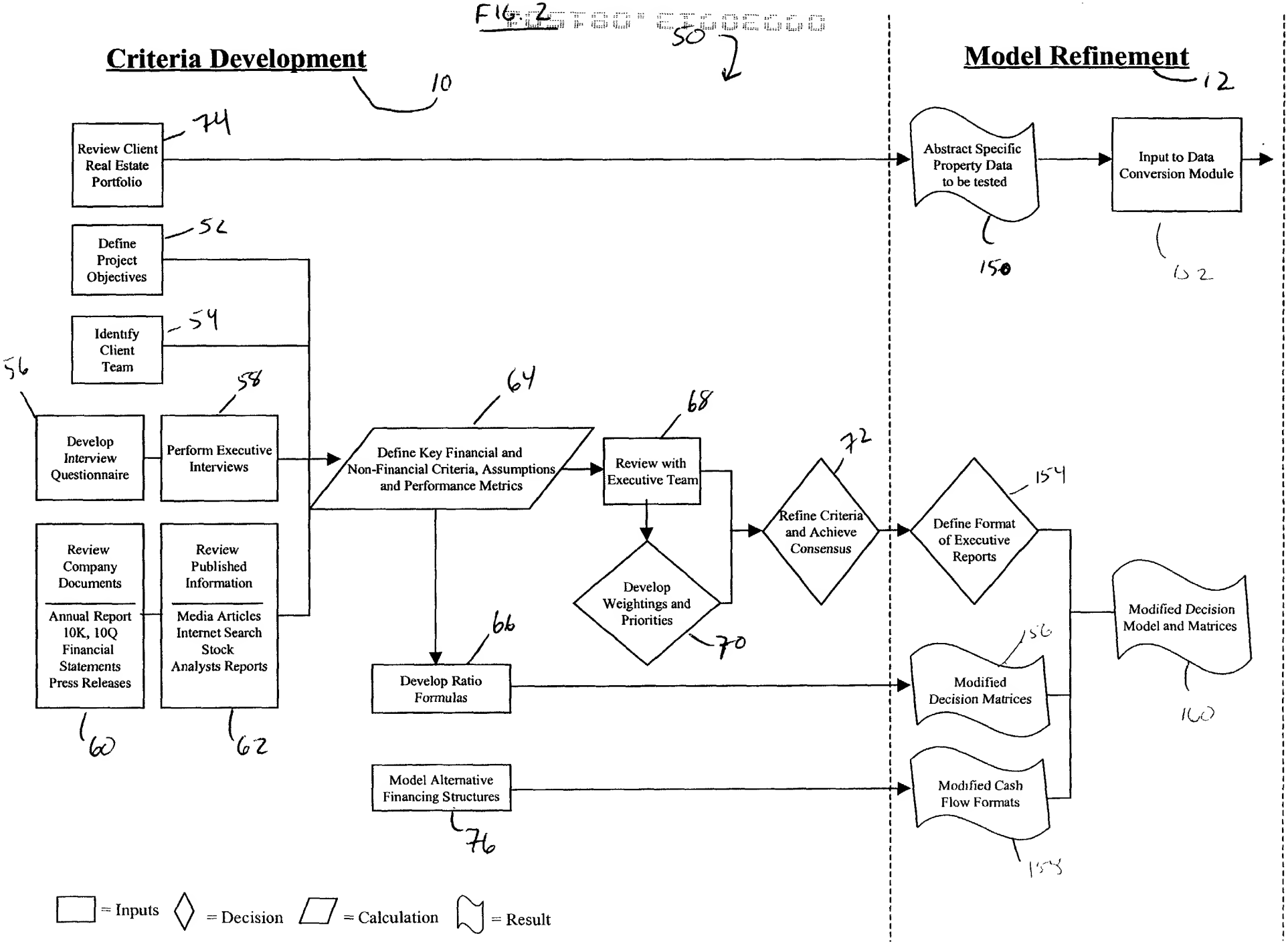

1
10
CRITERIA DEVELOPMENT
12
MODEL REFINEMENT
14
DATA CONVERSION
16
DATA PROCESSING
18
SCORING AND RANKING

FIG. 2


Criteria Development
10
50
Model Refinement
12
Review Client Real Estate Portfolio
74
Define Project Objectives
52
Identify Client Team
54
56
Develop Interview Questionnaire
58
Perform Executive Interviews
Review Company Documents
Annual Report 10K, 10Q Financial Statements Press Releases
60
Review Published Information
Media Articles Internet Search Stock Analysts Reports
62
64
Define Key Financial and Non-Financial Criteria, Assumptions and Performance Metrics
66
Develop Ratio Formulas
68
Review with Executive Team
Develop Weightings and Priorities
70
72
Refine Criteria and Achieve Consensus
Model Alternative Financing Structures
76
Abstract Specific Property Data to be tested
150
Input to Data Conversion Module
152
154
Define Format of Executive Reports
156
Modified Decision Matrices
Modified Cash Flow Formats
158
Modified Decision Model and Matrices
160
= Inputs
= Decision
= Calculation
= Result

Decision Model – Data Conversion

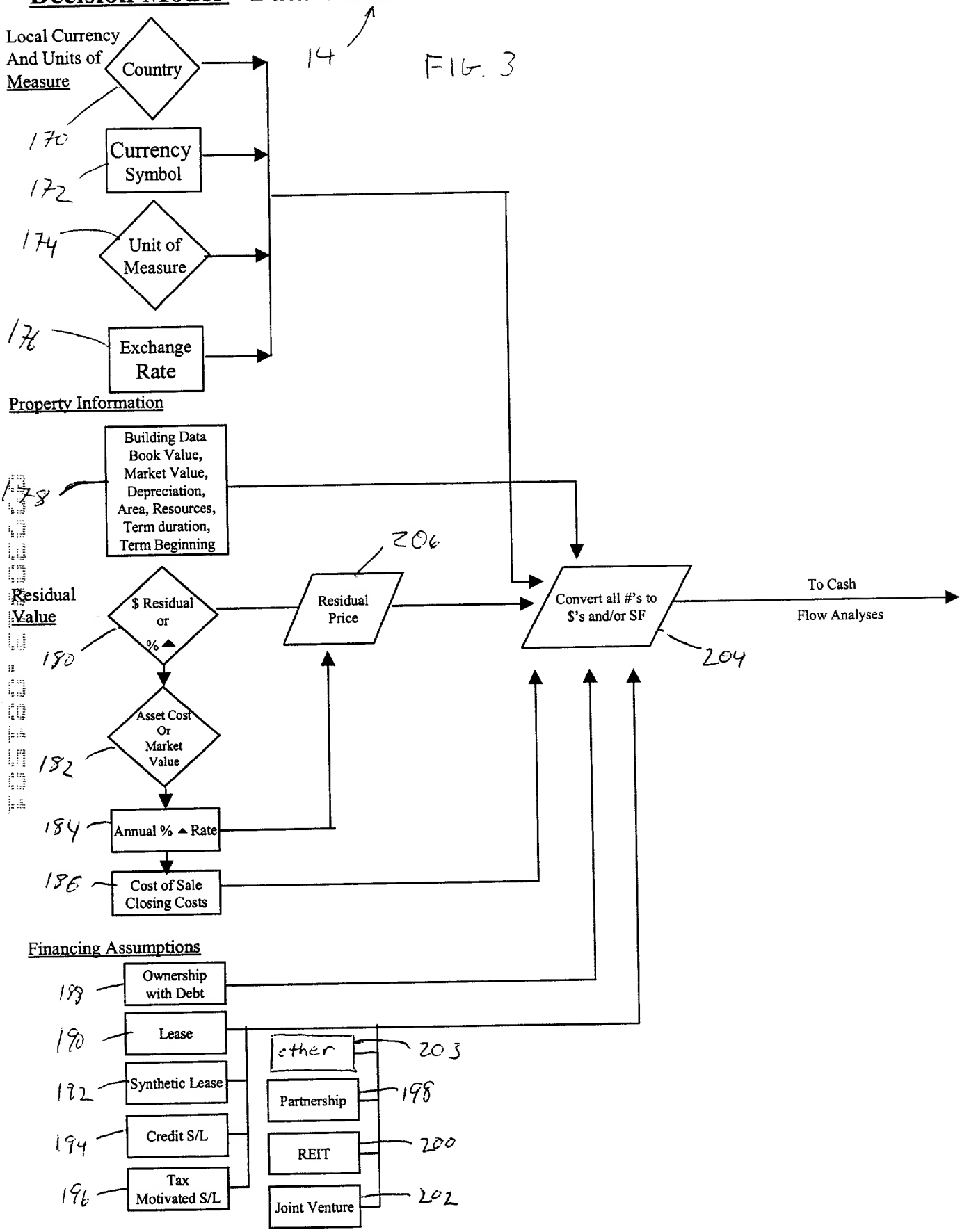


FIG. 3

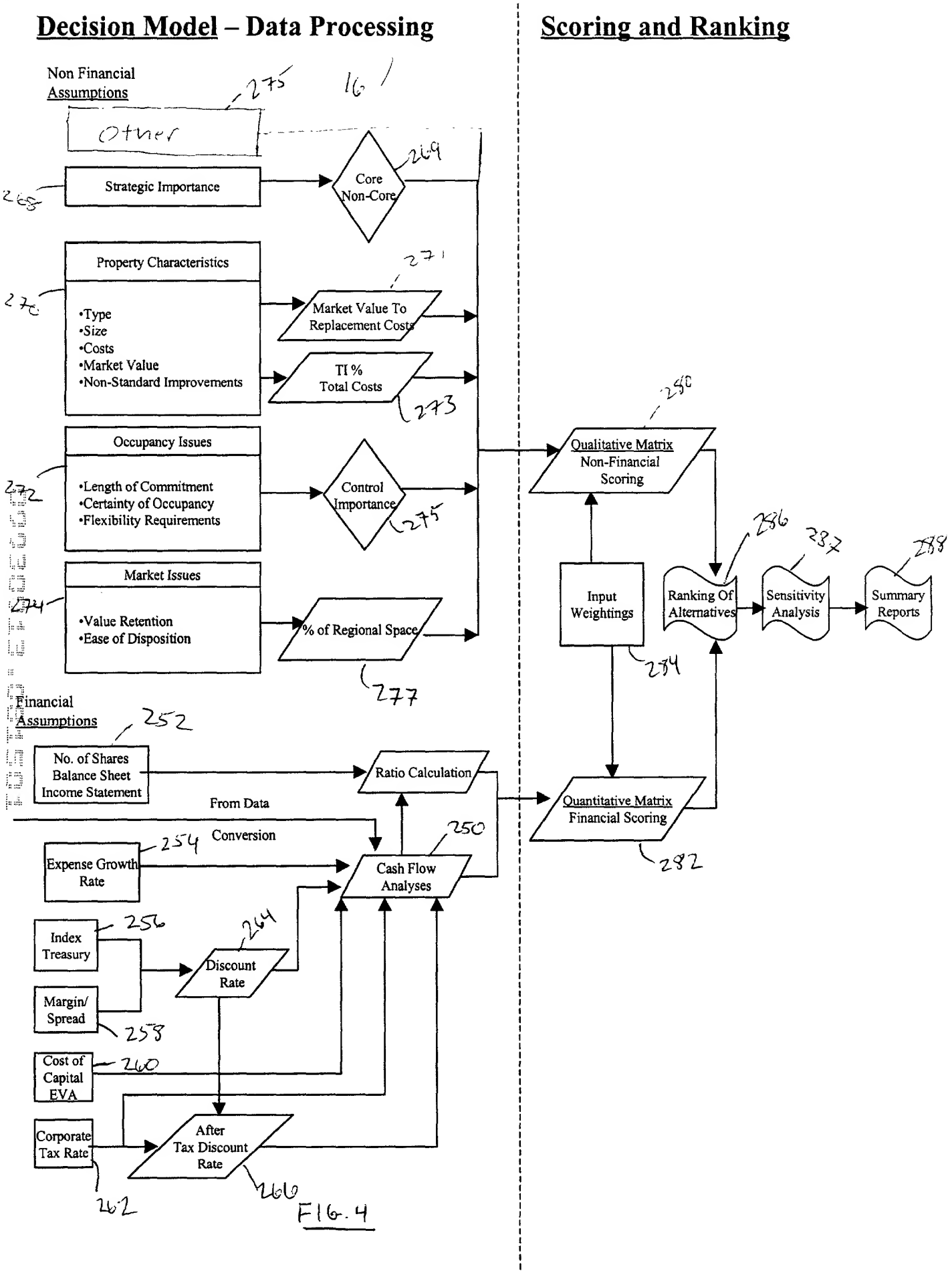

Decision Model – Data Processing
Scoring and Ranking
Non Financial Assumptions
275
16
Other
Strategic Importance
265
Core Non-Core
269
Property Characteristics
•Type
•Size
•Costs
•Market Value
•Non-Standard Improvements
270
Market Value To Replacement Costs
271
TI % Total Costs
273
Occupancy Issues
•Length of Commitment
•Certainty of Occupancy
•Flexibility Requirements
272
Control Importance
275
Market Issues
•Value Retention
•Ease of Disposition
274
% of Regional Space
277
Financial Assumptions
252
No. of Shares
Balance Sheet
Income Statement
From Data Conversion
254
Expense Growth Rate
Index Treasury
256
Margin/ Spread
258
Cost of Capital EVA
260
Corporate Tax Rate
262
Discount Rate
264
Ratio Calculation
Cash Flow Analyses
250
After Tax Discount Rate
266
Qualitative Matrix Non-Financial Scoring
280
Quantitative Matrix Financial Scoring
282
Input Weightings
284
Ranking Of Alternatives
286
Sensitivity Analysis
287
Summary Reports
288

FIG. 4

FIG. 5

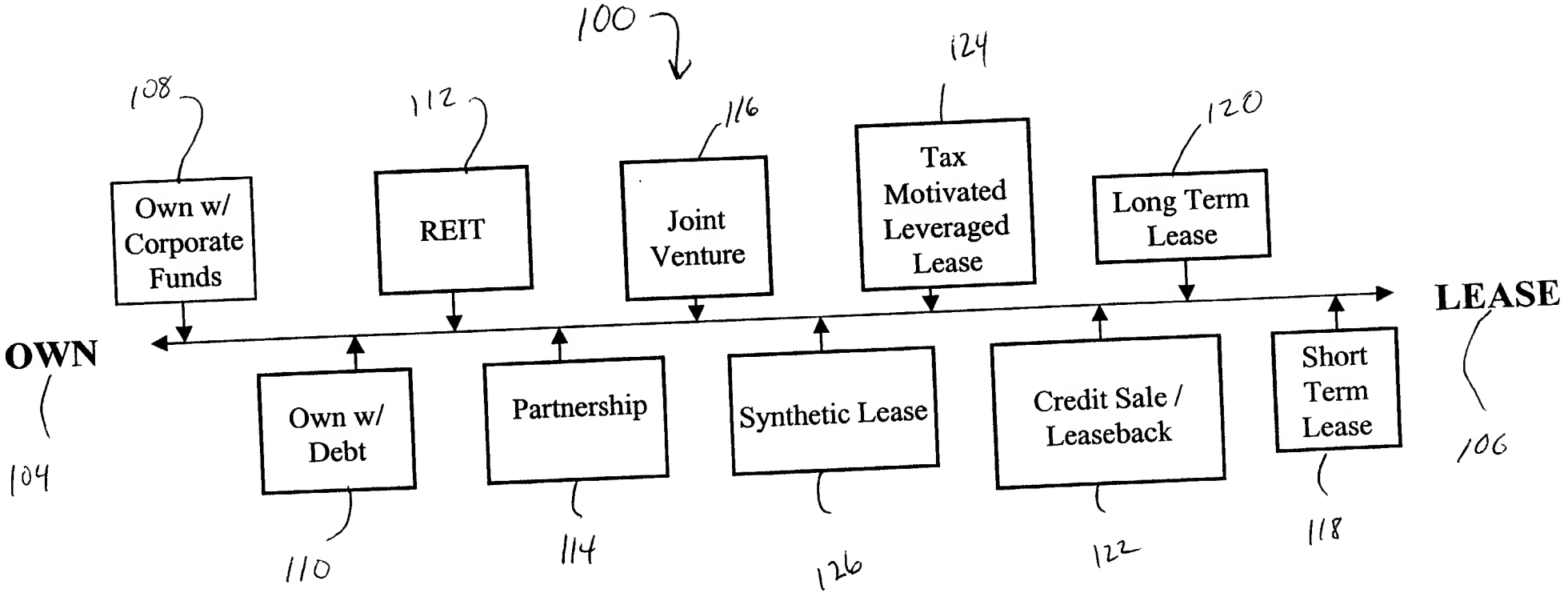

100
108
112
116
124
120
Own w/ Corporate Funds
REIT
Joint Venture
Tax Motivated Leveraged Lease
Long Term Lease
OWN
LEASE
104
106
Own w/ Debt
Partnership
Synthetic Lease
Credit Sale / Leaseback
Short Term Lease
110
114
126
122
118

FIG. 6A

Scoring Matrix – Quantitative Factors

Base Model: "New Acquisition"

Real Estate Solution - Lease vs. Buy Analysis

Scoring Matrix - Financial

	Weighting	Ownership - Debt		Synthetic Lease		Lease	
		Score	Wtd Score	Score	Wtd Score	Score	Wtd Score
Financial							
1 Net Present Value after Tax	50%	3	1.50	2	1.00	1	0.50
2 Economic Value-Added (EVA)	10%	3	0.30	2	0.20	1	0.10
3 Balance Sheet Impact:							
Total Debt to Capital		1		1		1	
Capital Requirement		1		2		2	
Average / Weighted Average	5%	1	0.05	1.5	0.08	1.5	0.08
4 P&L Cost Impact:							
1st Year Impact on Earnings (Loss) from Continuing Operations		2		3		1	
12 Year Cumulative Impact on Earnings (Loss) from Continuing Operations		3		2		1	
Average / Weighted Average	15%	2.5	0.38	2.5	0.38	1	0.15
5 Credit Risk:							
EBIT Interest Coverage		3		2		1	
EBITDA Interest Coverage		3		2		1	
Free Cash Flows to Total Debt		3		2		1	
Funds from Operations to Total Debt		3		2		1	
Average / Weighted Average	15%	3	0.45	2	0.30	1	0.15
6 Profitability Ratios:							
Diluted EPS from Cont. Oper.		2		3		1	
Operating Profit/Net Sales		3		2		1	
Return on Assets		2		3		1	
Return on Equity		2		3		1	
Return on Total Capital		2		3		1	
Average / Weighted Average	5%	2.2	0.11	2.8	0.14	1	0.05
Totals	100%		2.79		2.09		1.03

FIG. 6B

Scoring Matrix – Qualitative Factors [Raw Scores]

Base Model: "New Acquisition"
Real Estate Solution - Lease vs. Buy Analysis
Non-Financial Input

Criteria	Determinant	Score	Ownership Debt	Synthetic Lease	Lease
7 Strategic Importance:	Degree Critical to Business	Core	Non-Core / Core: 3	Non-Core / Core: 3	Non-Core / Core: 1
8 Property Characteristics					
Facility Size	Square Feet	Large	Small / Medium / Large: 3	Small / Medium / Large: 3	Small / Medium / Large: 1
Replacement Cost	Total Replacement Cost	Medium	Low / Medium / High: 2	Low / Medium / High: 2	Low / Medium / High: 2
Degree entity Specifc	TI's % of Bldg Cost	20% - 50%	<20% / 20% - 50% / >50%: 2	<20% / 20% - 50% / >50%: 2	<20% / 20% - 50% / >50%: 2
Market Value/Book Value	Market Value / Replace Cost	>100%	>100% / 75% - 100% / <75%: 1	>100% / 75% - 100% / <75%: 3	>100% / 75% - 100% / <75%: 3
9 Occupancy Issues:					
Length of Commitment	Term in Year	10>	<5 / 5-9 / 10>: 3	<5 / 5-9 / 10>: 1	<5 / 5 - 9 / 10>: 1
Certainty of Occupancy	Level of Certainty	Medium	Low / Medium / High: 2	Low / Medium / High: 2	Low / Medium / High: 2
Flexibility:					
Control of Environment	Level of Importance	< Important	Not Critical / < Important / Important: 2	Not Critical / < Important / Important: 2	Not Critical / < Important / Important: 2
10 Market Issues:					
Liquidity:					
Value Retention:	Market Conformance	High	High / Medium / Low: 1	High / Medium / Low: 3	High / Medium / Low: 3
Ease of Disposition:	Size of Market	Primary	Primary / Secondary / Tertiary: 3	Primary / Secondary / Tertiary: 3	Primary / Secondary / Tertiary: 3
	Quality of Market	Equilibrium	Oversupply / Equilibrium / Undersupply: 2	Oversupply / Equilibrium / Undersupply: 2	Oversupply / Equilibrium / Undersupply: 2
	Rent/Value Trends	Down	Down / Flat / Up: 1	Down / Flat / Up: 1	Down / Flat / Up: 3
	entity % of Region	<50%	>80% / 50% - 80% / <50%: 3	>80% / 50% - 80% / <50%: 3	>80% / 50% - 80% / <50%: 1
Total Score			28	30	26

POSTED: 12/08/2010

FIG. 6C

Scoring Matrix – Qualitative Factors [Weighted Scores]

Base Model: "New Acquisition"
Real Estate Solution - Lease vs. Buy Analysis
Scoring Matrix - Non Financial

Criteria	Weighting	Ownership - Debt		Synthetic Lease		Lease	
		Score	Wtd Score	Score	Wtd Score	Score	Wtd Score
Non-Financial							
7 Strategic Importance:	15.0%	3	0.45	3	0.45	1	0.15
8 Property Characteristics							
Facility Size		3		3		1	
Replacement Cost		2		2		2	
Degree entity Specifc		2		2		2	
Market Value/Book Value		1		3		3	
Average / Weighted Average	23.0%	2.0	0.46	2.5	0.58	2.0	0.46
9 Occupancy Issues:							
Length of Commitment		3		1		1	
Certainty of Occupancy		2		2		2	
Flexibility:							
Control of Environment		2		2		2	
Average / Weighted Average	30.0%	2.3	0.70	1.7	0.50	1.7	0.50
10 Market Issues:							
Liquidity:							
Value Retention:							
Market Conformance		1		3		3	
Ease of Disposition:							
Size of Market		3		3		3	
Quality of Market		2		2		2	
Rent/Value Trends		1		1		3	
entity % of Region		3		3		1	
Average / Weighted Average	32.0%	2	0.64	2.4	0.77	2.4	0.77
Totals	100.0%		2.25		2.29		1.88

FIG. 6D

Scoring Matrix - Combined

Base Model: "New Acquisition"

Real Estate Solution - Lease vs. Buy Analysis

Scoring Matrix - Combined (Financial and Non-Financial Totals)

	Ownership - Debt		Synthetic Lease		Lease	
	Rank	Wtd Score	Rank	Wtd Score	Rank	Wtd Score
Financial Scoring Totals	3	2.79	2	2.09	1	1.03
Non-Financial Scoring Totals	2	2.25	3	2.29	1	1.88

Financial Scoring Rank (3+Highest, 1+Lowest)

3 Ownership - Debt
2 Synthetic Lease
1 Lease

Non-Financial Scoring Rank (3+Highest, 1+Lowest)

3 Synthetic Lease
2 Ownership - Debt
1 Lease